

Message Text

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ACTION EB-11

INFO OCT-01 ADP-00 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01

OIC-04 SSO-00 INRE-00 NSCE-00 USIE-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 PRS-01 OMB-01 RSR-01 /200 W

----- 080657

O R 161620 Z MAY 73

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 9363

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS UNN

USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 2331

PASS STR

EO 11652: N/ A

TAGS: ETRD, GATT, US, EEC

SUBJECT: GATT ARTICLE XXIV:6 RENEGOTIATIONS: EC PROPOSAL FOR
FUTURE WORK

REF: GENEVA 2176

BEGIN SUMMARY: USDEL CONSIDERS EC PROCEDURAL PROPOSAL
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FOR EXAMINING PROPOSED GATT SCHEDULE OF NINE IS PREJUDICIAL TO US NEGOTIATING INTEREST AND COULD SERIOUSLY DELAY PROGRESS OF THE ART XXIV:6 RE-NEGOTIATIONS. USDEL INTENDS SO TO INFORM EC AND TO ADVOCATE AS NEXT STEP EXAMINATION OF (A) CXT ITEMS COVERING US CLAIMS NOTIFIED THUS FAR, AND (B) ANY CXT ITEMS EC MAY WISH OFFER FOR DIRECT BINDING TO US IN SCHEDULE OF EC OF NINE. END SUMMARY

1. EC POSITION RECEIVED IN WRITTEN FORM FROM LUYTEN MAY 11 (COPIES OF INFORMAL USDEL TRANSLATION AND ORIGINAL FRENCH HANDCARRIED WASHINGTON BY ROHR). THIS STATEMENT REPRESENTS SIGNIFICANT SHIFT IN EC POSITION OR ITS INTERPRETATION. USDEL HAS CAREFULLY STUDIED EC STATEMENT AND CONSIDERS PROCEDURE PROPOSED THREATENS BOG WORK DOWN FOR WEEKS WITH MASSIVE NEW DATE REQUIREMENTS AND EXTRANEIOUS POLICY ISSUES.

A. CLEARLY IT WOULD INVOLVE MUCH EFFORT AND POSSIBLY SEVERAL WEEKS OF TIME TO EXAMINE ALL DIRECT AND INDERECT US INTERESTS IN THE FOUR SCHEDULES PROPOSED FOR WITHDRAWAL AND TO COMPARE THESE INTERESTS WITH THOSE OF THE US IN A NEW SCHEDULE FOR THE NINE. TO DO THIS JOINTLY MAY WELL BE IMPOSSIBLE -- GIVEN DIRRERENCES WE HAVE WITH THE EC ON SUPPLIER POSITIONS AND ON STATISTICS RELEVANT TO OUR INTERESTS IN UK AND EC VARIABLE LEVY ITEMS.

B. PARTICIPATING IN THE BALANCE- SHEET APPROACH THE COMMUNITY PROPOSES CAN ONLY BE TO OUR DIS-ADVANTAGE. IT IS VERY LIKELY THAT THE COMMUNITY WILL BE ABLE TO DEMONSTRATE THAT OUR NEGOTIATING RIGHTS POSITION, AS DEFINED BY IT , HAS IMPROVED NET, TAKING ACCOUNT OF VOLUMES OF TRADE. OUR PARTICIPATION IN THE WORK OF EXTABLISHING THIS FACT WOULD GRAVELY PREJUDICE OUR POSITION IN LATER STAGES OF THIS NEGOTIATION. FIRST, WE WOULD IMPLICITLY HAVE ACCEPTED THE IDEA THAT THE OVER-ALL BALANCE IS WHAT COUNTS, SECOND, WE WOULD HAVE GIVEN UNDUE VALUE TO NEGOTIATING RIGHTS INSTEAD OF (RATHER THAN IN ADDITION TO) LEVELS OF PROTECTION.

C. EVEN IF IT DID NOT ENTAIL A BALANCE- SHEET APPROACH, THE COMMUNITY APPROACH WOULD BE PROCEDURALLY UNWISE. WE WOULD BE ACCEPTING " OFFERS" NOT MADE LIMITED OFFICIAL USE

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SPECIFICALLY TO US AND EXAMINING CONCESSIONS WHICH DO NOT CARRY WITH THEM RIGHTS OF INITIAL NEGOTIATION.

2. USDEL THEREFORE INTENDS PROCEED AS OUTLINED PARA
3 BELOW IN EFFORT TO ADHER
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ADP000
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ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AF-10 ARA-11 EA-11 NEA-10

RSC-01 OIC-04 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-03 AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00

PRS-01 OMB-01 SSO-00 INRE-00 NSCE-00 USIE-00 RSR-01

/212 W
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O R 161620 Z MAY 73
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 9364
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
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AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROMED
USMISSION EC BRUSSELS UNN
USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 2331

C O R R E C T E D C O P Y - R E N U M B E R I N G P A R A 4

PASS STR

OFFER TO EXTEND IT TO THE NINE WAS CLEAR ENOUGH IN THE
JANUARY ANNOUNCEMENT TO GATT. WE THEREFORE BELIEVE
THAT THE TWO DELEGATIONS SHOULD NOT ENGAGE IN A JOINT
STATISTICAL STUDY THAT DOES NOT ARISE FROM ART XXIV:6 OR THE
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COMMUNITY' S WRITTEN OFFER OF JANUARY.

D. MOREOVER, THE COMMUNITY PROPOSAL ON WITHDRAWALS RAISES THE STAKES, SINCE IN THE ABSENCE OF AGREEMENT THE EC OF NINE COULD CONSIDER ITSELF FREE TO WITHDRAW ALL SCHEDULED GATT CONCESSIONS OF DENMARK, IRELAND, THE UK, AND THE SIX. THIS WOULD LEAVE THE US AND MANY OTHER CONTRACTING PARTIES FREE TO WITHDRAW EQUIVALENT CONCESSIONS. THE ABSENCE OF ANY GATT TARIFF BINDINGS IN THE ENLARGED EC SCHEDULES WOULD LEAD TO A MOST UNSTABLE SITUATION AND POSSIBLY TO AN UNRAVELING OF MOST GATT CONCESSIONS. WE DO NOT WANT AT THIS STAGE IN THE NEGOTIATIONS TO NOTIFY ALL RIGHTS AND INTERESTS THAT WE HAVE IN THE FOUR SCHEDULES OF THE CONSTITUENT TERRITORIES. WE HAVE NOTIFIED OUR GROSS CLAIMS ARISING ONLY FROM PROPOSED CONCESSION WITHDRAWALS AND DUTY INCREASES IN CONCESSION ITEMS, RECOGNIZING THAT THE COMMUNITY'S PROPOSAL (SEE DOCUMENT L/3807) WAS TO APPLY TO THE NINE " THE CONCESSIONS AT PRESENT BOUND IN THE SCHEDULES OF THE SIX." WE ARE WILLING TO PROCEED (I. E., TO EXAMINE US CLAIMS AND OFFERS) IN THE LIGHT OF THAT COMMUNITY PROPOSAL. HOWEVER, WE RESERVE THE RIGHT TO SUPPLEMENT THE LIST OF US CLAIMS TO INCLUDE ALL RIGHTS AND INTERESTS IN THE SCHEDULES OF ALL FOUR CONSTITUTENT TERRITORIES SHOULD THIS BECOME NECESSARY IN ORDER TO SAFEGUARD OUR INTERESTS.

E. THE CXT OF THE SIX IS A KNOWN QUANTITY, AND US IS CONSIDERING THE VALUE TO THE US OF ITS APPLICATION TO THE TERRITORIES OF THE NINE. WE HOPE VERY SOON TO COMPLETE OUR EXAMINATION AND APPRAISAL OF THE MATERIAL EC HAS ALREADY SUPPLIED US FOR THIS PURPOSE. WHEN WE HAVE FINISHED, WE WILL GIVE THE COMMUNITIES THE REACTIONS OF THE UNITED STATES TO THIS ASPECT OF THE COMMUNITY OFFER.

F. IN ADDITION, THERE IS USEFUL WORK TO BE DONE JOINTLY. WE WISH, OF COURSE, TO EXAMINE WITH EC DELEGATION NOW, IN TERMS OF THE CXT, ALL ITEMS ON WHICH WE HAVE THUS FAR ADVANCED CLAIMS. WE ARE ALSO WILLING TO EXAMINE IN PARALLEL FASHION ALL ITEMS IN THE PROPOSED SCHEDULE OF LIMITED OFFICIAL USE
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THE NINE WHICH EC WISHES TO OFFER FOR DIRECT BINDING TO THE US.

4. COMMENT: IT IS ESSENTIAL IN USDEL VIEW THAT US MOVE AHEAD PROMPTLY WITH COMPLETION OF US REQUESTS. BASSIN

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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Disposition Authority: boyleja
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Disposition Date: 28 MAY 2004
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TAGS: ETRD, US, EEC, GATT
To: BONN
BRUSSELS
COPENHAGEN
DUBLIN
EB
LONDON
LUXEMBOURG

SECSTATE WASHDC

THE HAGUE

Type: TE

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